



Adopted in House Comm. on May 13, 2004

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1 AMENDMENT TO SENATE BILL 35

2 AMENDMENT NO. _____. Amend Senate Bill 35 by replacing
3 everything after the enacting clause with the following:

4 "Section 1. Short title. This Act may be cited as the
5 Watercraft Use Tax Law.

6 Section 5. Definitions. For the purposes of this Law:

7 "Department" means the Department of Revenue.

8 "Purchase price" means the consideration paid for a
9 watercraft valued in money whether received in money or
10 otherwise, including, but not limited to, cash, credits,
11 property, and services, and includes the value of any motor
12 sold with, or in conjunction with, the watercraft.

13 "Watercraft" means:

14 (1) Class 1, Class 2, Class 3, and Class 4 watercraft,
15 as defined in Section 3-2 of the Boat Registration and
16 Safety Act;

17 (2) personal watercraft, as defined in Section 1-2 of
18 the Boat Registration and Safety Act; and

19 (3) any boat equipped with an inboard motor.

20 Section 10. Tax imposed. A tax is hereby imposed on the
21 privilege of using, in this State, any watercraft acquired by
22 gift, transfer, or purchase after June 30, 2004. This tax does
23 not apply if: (i) the use of the watercraft is otherwise taxed

1 under the Use Tax Act; (ii) the watercraft is bought and used
2 by a governmental agency or a society, association, foundation,
3 or institution organized and operated exclusively for
4 charitable, religious, or educational purposes and that entity
5 has been issued an exemption identification number under
6 Section 1g of the Retailers' Occupation Tax Act; (iii) the use
7 of the watercraft is not subject to the Use Tax Act by reason
8 of subsection (a), (b), (c), (d), or (e) of Section 3-55 of
9 that Act dealing with the prevention of actual or likely
10 multi-state taxation; or (iv) the transfer is a gift to a
11 beneficiary in the administration of an estate and the
12 beneficiary is a surviving spouse.

13 Section 15. Rate of tax.

14 (a) The rate of tax is 6.25% of the purchase price for each
15 purchase of watercraft that is subject to tax under this Law.
16 For purposes of calculating the tax due under this Law when tax
17 is imposed on the purchase price of a watercraft acquired
18 through purchase, the purchase price shall not be less than the
19 fair market value of the watercraft on the date the watercraft
20 is purchased or the date the watercraft is brought into this
21 State, whichever is later. For the purposes of calculating the
22 tax due under this Law, any watercraft purchased with, or in
23 conjunction with, a motor shall have the price of the motor
24 included in purchase price of the watercraft.

25 (b) The rate of tax is 6.25% of the fair market value of
26 watercraft acquired by gift or transfer that is subject to tax
27 under this Law. For purposes of calculating the tax due under
28 this Law when a watercraft is acquired by gift or transfer, the
29 tax shall be imposed on the fair market value of the watercraft
30 on the date the watercraft is acquired or the date the
31 watercraft is brought into this State, whichever is later. For
32 the purposes of calculating the tax due under this Law, any
33 watercraft acquired by gift or transfer with, or in conjunction

1 with, a motor shall have the value of the motor included in the
2 fair market value of the watercraft.

3 (c) When an ownership share of a watercraft is acquired by
4 purchase, the tax is imposed on the purchase price of that
5 share. For purposes of calculating the tax due under this Law,
6 however, the purchase price of the share shall not be less than
7 the fair market value of that share on the date the watercraft
8 is acquired or the date the watercraft is brought into this
9 State, whichever is later. When an ownership share of a
10 watercraft is acquired by gift or transfer, the tax is imposed
11 on the fair market value of the share on the date the share of
12 the watercraft is acquired or the date the watercraft is
13 brought into this State, whichever is later. All owners are
14 jointly and severally liable for any tax due as a result of the
15 purchase, gift, or transfer of an ownership share of the
16 watercraft.

17 Section 20. Returns.

18 (a) The purchaser, transferee, or donee shall file with the
19 Department a return signed by the purchaser, transferee, or
20 donee on a form prescribed by the Department. The return shall
21 contain a verification in substantially the following form and
22 such other information as the Department may reasonably
23 require:

24 VERIFICATION

25 I declare that I have examined this return and, to the best
26 of my knowledge, it is true, correct, and complete. I
27 understand that the penalty for willfully filing a false
28 return is a fine not to exceed \$1,000 or imprisonment in a
29 penal institution other than the penitentiary not to exceed
30 one year, or both a fine and imprisonment.

31 (b) The return and payment from the purchaser, transferee,
32 or donee shall be submitted to the Department within 30 days
33 after the date of purchase, donation, or other transfer or the

1 date the watercraft is brought into this State, whichever is
2 later. Payment of tax is a condition to securing certificate of
3 title for the watercraft from the Department of Natural
4 Resources. When a purchaser, transferee, or donee pays the tax
5 imposed by Section 10 of this Law, the Department (upon request
6 therefor from the purchaser, transferee, or donee) shall issue
7 an appropriate receipt to the purchaser, transferee, or donee
8 showing that he or she has paid the tax to the Department. The
9 receipt shall be sufficient to relieve the purchaser,
10 transferee, or donee from further liability for the tax to
11 which the receipt may refer.

12 Section 25. Filing false or incomplete return. Any person
13 required to file a return under this Law who willfully files a
14 false or incomplete return is guilty of a Class A misdemeanor.

15 Section 30. Determining purchase price. For the purpose of
16 assisting in determining the validity of the purchase price
17 reported on returns filed with the Department, the Department
18 may furnish the following information to persons with whom the
19 Department has contracted for service related to making that
20 determination: (i) the purchase price stated on the return;
21 (ii) the watercraft identification number; (iii) the year, the
22 make, and the model name or number of the watercraft; (iv) the
23 purchase date; and (v) the hours of operation.

24 Section 35. Powers of Department. The Department has full
25 power to: (i) administer and enforce this Law; (ii) collect all
26 taxes, penalties, and interest due under this Law; (iii)
27 dispose of taxes, penalties, and interest so collected in the
28 manner set forth in this Law; and (iv) determine all rights to
29 credit memoranda or refunds arising on account of the erroneous
30 payment of tax, penalty, or interest under this Law. In the
31 administration of, and compliance with, this Law, the

1 Department and persons who are subject to this Law have the
2 same rights, remedies, privileges, immunities, powers, and
3 duties, and are subject to the same conditions, restrictions,
4 limitations, penalties, and definitions of terms, and employ
5 the same modes of procedure, as are prescribed in the Use Tax
6 Act (except for the provisions of Section 3-70), that are not
7 inconsistent with this Law, as fully as if the provisions of
8 the Use Tax Act were set forth in this Law. In addition to any
9 other penalties imposed under law, any person convicted of
10 violating the provisions of this Law shall be assessed a fine
11 of \$1,000.

12 Section 40. Payments to State and Local Sales Tax Reform
13 Fund and General Revenue Fund. The Department shall each month,
14 upon collecting any taxes as provided in this Law, pay 20% of
15 the money collected into the State and Local Sales Tax Reform
16 Fund, a special fund in the State treasury, and 80% into the
17 General Revenue Fund.

18 Section 45. Rules. The Department has the authority to
19 adopt such rules as are reasonable and necessary to implement
20 the provisions of this Law.

21 Section 90. The Retailers' Occupation Tax Act is amended by
22 changing Section 1c as follows:

23 (35 ILCS 120/1c) (from Ch. 120, par. 440c)

24 Sec. 1c. A person who is engaged in the business of leasing
25 or renting motor vehicles or, beginning July 1, 2003, aircraft
26 or, beginning July 1, 2004, watercraft to others and who, in
27 connection with such business sells any used motor vehicle, ~~or~~
28 aircraft, or watercraft to a purchaser for his use and not for
29 the purpose of resale, is a retailer engaged in the business of
30 selling tangible personal property at retail under this Act to

1 the extent of the value of the vehicle or aircraft sold. For
2 the purpose of this Section "motor vehicle" has the meaning
3 prescribed in Section 1-157 of the Illinois Vehicle Code, as
4 now or hereafter amended. For the purpose of this Section
5 "aircraft" has the meaning prescribed in Section 3 of the
6 Illinois Aeronautics Act. For the purpose of this Section,
7 "watercraft" has the meaning prescribed in Section 5 of the
8 Watercraft Use Tax Law. (Nothing provided herein shall affect
9 liability incurred under this Act because of the sale at retail
10 of such motor vehicles, ~~or~~ aircraft, or watercraft to a
11 lessor.)

12 (Source: P.A. 93-24, eff. 6-20-03.)

13 Section 95. The Boat Registration and Safety Act is amended
14 by changing Section 3A-5 as follows:

15 (625 ILCS 45/3A-5) (from Ch. 95 1/2, par. 313A-5)

16 Sec. 3A-5. Certificate of title - Issuance - Records.

17 (a) The Department of Natural Resources shall file each
18 application received and, when satisfied as to its genuineness
19 and regularity, and that no tax imposed by the "Use Tax Act" or
20 the Watercraft Use Tax Law is owed as evidenced by the receipt
21 for payment or determination of exemption from the Department
22 of Revenue provided for in Section 3A-3 of this Article, and
23 that the applicant is entitled to the issuance of a certificate
24 of title, shall issue a certificate of title.

25 (b) The Department of Natural Resources shall maintain a
26 record of all certificates of title issued under a distinctive
27 title number assigned to the watercraft and, in the discretion
28 of the Department, in any other method determined.

29 (Source: P.A. 89-445, eff. 2-7-96.)

30 Section 999. Effective date. This Act takes effect July 1,
31 2004."